



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

ECONOMIC DEVELOPMENT COMMISSION

October 11, 2016

Members Present:

Jake Sappenfield	President
Josh DeArmitt	Vice-President
Ken Austin	Secretary
John Ditmars	Member
Lee Hodgen	Member

Others Present:

Rob H. Schafstall	Legal Counsel
Rhoni Oliver	Community Development Specialist
Julie Spate	Recording Secretary

Call to Order:

Jake Sappenfield called the meeting to order at 8:01 a.m.

Approval of Minutes

Josh DeArmitt moved to approve the April 12 and 26 minutes. Ken Austin seconded. The motion carried.

Old Business

None.

New Business:

EDC 2016-05 Urban Air Indiana LLC

Tim Conrad, advisor for Urban Air, presented an overview of the project. Urban Air is a family friendly entertainment facility. They plan to rehab the old Marsh facility on N. Main Street. They are requesting a six-year tax abatement. Mr. Sappenfield asked if this is their first facility and what the terms of the lease are. Mr. Conrad responded that it is their first facility. There is another one slated to go in in Carmel but under different ownership. The lease is a ten-year lease. John Ditmars asked how big the franchise is. Mr. Conrad identified it as a nationwide franchise based out of Texas. Mr. Sappenfield expressed concern for a six-year abatement, preferring a two- to three-year abatement. Mr. Ditmars is also in support of a three-year abatement. Mr. Conrad explained the six-year request was in light of the personal investment being put in. Mr. Austin asked about the salary base. Mr. Conrad described it as one for the owner and one for a manager. The facility will be open seven days a week and will likely require approximately 30 part-time employees. Mr. Sappenfield highlighted that though it is a welcome rehab of a long empty facility, it is a limited full time employee base. Mr. DeArmitt asked about a three-year at 100% or a graduated scale, and Mr. Sappenfield expressed 100% for three years. Mr. Austin gave support for three or four years. Lee Hodgen confirmed that the company has agreed to the five percent abatement fee and expressed his support for an abatement less than six years. Mr. Ditmars

asked about FDC and RDC involvement. Mr. Conrad said they are in discussion with Krista Linke about using TIF dollars and they have one quote in for \$10,000 for resurfacing the parking lot. Rob Schafstall clarified that the abatement is for both real estate and personal property. Mr. Schafstall is not sure this qualifies for an abatement of personal property so will need to do some research. Mr. Conrad asked if they could change their request to a four-year abatement for the real property alone and dropped the personal property request. Mr. Schafstall encouraged them to do what they think best. Mr. Austin asked if there is an awareness of any other like facilities receiving personal property abatements. Mr. Conrad explained this to be his first for this type of personal property. Ms. Linke and Mayor McGuinness are inclined for TIF dollars to be spent on the outside of the building, but the interior work will be extensive. Mr. Sappenfield suggested moving ahead with the real property request alone. Mr. Ditmars asked if the abatement can be awarded to the lessee and not the owner. Mr. Conrad explained that under the triple net lease, the benefits flow through to the lessee, and Mr. Schafstall confirmed this to be allowed. Mr. Schafstall advised that first the area must be identified as an economic revitalization area. Mr. Austin moved that the ERA Tax Abatement Findings and Vacant Building Deduction 6A-E shows Urban Air in compliance. Mr. Hodgen seconded. Passed. Mr. Ditmars moved for a three-year abatement at 100% on the real property. Mr. DeArmitt seconded. Passed. Mr. Conrad asked about a fourth year at 50% which the commission denied. Mr. Conrad asked for procedure clarification going forward and offered thanks.

EDC 2016-06 NSK Corporation

Kyle Stiens, plant manager at Franklin hub bearing location, presented a request for a 10-year personal property tax abatement on an upcoming \$6.625 million automotive bearing project for re-investment in one line and investment in a completely new line. It is for a capacity increase for new business obtained. Mr. Stiens gave details of the project and employee counts. Mr. Sappenfield sought confirmation that the timing of the transition would not cause any employees to be laid off, and Mr. Stiens assured that to be the case. Mr. Austin asked if old lines would be kept for changeover for later model production or replacement parts. Mr. Stiens explained their plan to keep some grinding machines without a plan to overhaul them but likely will dispose of them or return them to Japan. Mr. Austin asked what the new business is, but Mr. Stiens couldn't answer due to confidentiality issues. Mr. Stiens went on to explain NSK as a whole company and highlighted their extensive community involvement and financial support as well. Mr. Hodgen asked about the level of automation in this new asset as compared to the need for number of employees. Mr. Stiens explained that it is more automated, so that is why the new employee count is limited. Mr. Austin asked if NSK wrote off the equipment in five years would the 10-year abatement stop at that point. Mr. Schafstall said no. Mr. Austin is not in support of a 10-year abatement. Mr. Ditmars summarized that this is more of an employee retention move on the part of NSK. Mr. Stiens clarified the time gap between closing the old line and opening the new business. Rachel Allen, NSK tax manager, stated that if equipment were retired after five years, the cost would not show up on the return, so the abatement would not be applicable to that piece of equipment. Mr. Ditmars made a motion that ERA 6 A-E findings are satisfied. Mr. DeArmitt seconded. Passed. Mr. Hodgen made a motion for a 7-year tax abatement on real property. Mr. Austin seconded. Passed.

Other Business:

Economic Development Fees

Cheryl Morphew stated that she did not really know anything about the request for funds for co-working. She said that Krista Linke is trying to garner community support for the project. Mr. Austin asked if there is a dollar amount being considered for the 3-5% ED fees. Rhoni Oliver stated that it would include the entire amount and communicated that Krista Linke would like the commission to consider including the second disbursement in their motion. Mr. Sappenfield reviewed that only one

application is submitted at this time. Cheryl Morphew spoke again. She agrees that the spirit of the disbursement is to spur economic development in a collaborative manner. She does not agree that the money should be used for operating expenses like computers for individual nonprofits. She stated that we just keep talking about a co-working space and here we sit years later, having done nothing. She stated that we need to quit talking about it and just do it. She agrees that this disbursement is a great opportunity to get the co-working space started. Mr. Sappenfield expressed concern about being in receipt of letters of support but no application of what the project is. Mr. Austin suggested expressing support of the letters received and will keep under consideration. Ms. Oliver reminded that most of the organizations have been invited to and participated in co-working conversations with some expressing desire to be involved in an advisory capacity. The school corporation has been involved in location discussions. Mr. Ditmars asked if there is an “ask” before EDC today. Ms. Oliver expressed her understanding that the mayor is seeking EDC funds in support of the co-working project. Mr. Ditmars identified that details are missing but EDC is being asked to support with dollars without knowing the project particulars. Mr. Sappenfield summarized that EDC can express support for the project but need a complete presentation of the project.

Adjournment:

There being no further business, a motion to adjourn was made by Mr. Austin and a second by Mr. DeArmitt. The motion passed and the meeting was adjourned.

Respectfully submitted this 8th day of November, 2016.

Jake Sappenfield, President

Ken Austin, Secretary